

FINDING OF NO SIGNIFICANT IMPACTS/DECISION RECORD

**GERLACH GREEN ENERGY, LLC
APPLICATION FOR PERMIT TO DRILL
GEOTHERMAL PRODUCTION WELL 68-3
SECTION 3, T32N, R23E, MDB&M
GERLACH KGRA
BLM Geothermal Lease NVN-075228
BLM Environmental Assessment NV-020-06-EA-12**

Decision

It is my decision to allow Gerlach Green Energy, LLC (GGE) to proceed with the Application for Permit to Drill (APD) geothermal production well 68-3 located in T32N, R23E, Section 3, subject to the attached Conditions of Approval which include all of the mitigation (listed below in the FONSI) developed in the attached Environmental Assessment (EA) NV-020-06-EA-12.

This well will be located on federal geothermal lease NVN-075228 in the Gerlach Known Geothermal Resource Area (KGRA) in Washoe County, Nevada. The location is approximately 2 miles north of Gerlach along Washoe County Road 34, on the edge of the southern portion of the Black Rock Desert Playa.

Public Involvement

A public review of the preliminary EA took place during June 2006. Two comment letters were received (see attached). Responses to numbered comments made in the letter from Public Resources Associates follow:

1. Sections 2.1.4 and 2.1.6 of the EA address this comment.
2. The attached Conditions of Approval address fencing of the reserve pit during operations.
3. Potential for long term impacts to VRM and other resources are addressed in the EA. Section 4.1.14 Visual Resources and 4.1.11 Wildlife Resources are examples where potential for long term impacts are addressed.
4. Section 2.1.5 identifies local private source for water and states that 5,000 gallons of water would be maintained on site during drilling operations in one or more portable water tanks.
5. Section 2.2 Alternatives to the Proposed Action discusses the reasonable range of alternatives associated with this environmental analysis.
6. Section 2.1.4 discusses the drill pad and reserve pit construction. An unlined reserve pit is appropriate for this activity.
7. Section 4.1.6 addresses Wastes, Hazardous or Solid. In addition the attached Conditions of Approval require a hazardous material spill and disposal contingency plan describing the

methods for cleanup and abatement of any petroleum hydrocarbon spill.

8. Mitigation was developed in Section 4.1.7 of the EA for monitoring of the hot spring west of the County paved road and the Great Boiling Spring. This mitigation is incorporated into this decision as stipulation in the attached Conditions of Approval.
9. The affected environment and environmental consequences sections of the EA specific to cultural resources were revised to clarify narrative regarding historic trails in the area of the proposed action.
10. Comment noted.

Rationale

1. GGE's proposal is in conformance with the Sonoma-Gerlach Management Framework Plan, 1982, and the management of contiguous lands under the Black Rock Desert-High Rock Resource Management Plan.
2. Implementation of the proposal would not impact any cultural sites.
3. Implementation of the proposal would not impact any threatened or endangered species.
4. Based on the findings of the analysis provided, and the nature of the project, no condition sufficient to warrant disapproval of the geothermal application for permit to drill production well 68-3 was found.
5. Per Instruction Memorandum (IM-2002-053), this decision has taken into consideration the President's National Energy Policy and Executive Order 13212. The proposed action and alternatives would not generate any adverse energy impacts or limit energy production and distribution.

Monitoring and Mitigation Measures

The BLM will be responsible for monitoring the operations to ensure compliance with the approved APD and Conditions of Approval in accordance with 43 CFR 3260. The APD and Operations Plan for geothermal well 68-3, Environmental Assessment NV-020-06-EA-12, and the attached Conditions of Approval contain appropriate mitigating measures to minimize impacts from the operations and are hereby incorporated into this decision record.

Finding of No Significant Impacts (FONSI)

Based on the environmental analysis in the attached EA NV-020-06-EA-12, and implementation of all the mitigation developed in the EA (listed below) and identified in the APD and the Operations

Plan, it has been determined that the quality of the human environment will not be significantly impacted as a result of implementing of this proposal. Therefore, preparation of an environmental impact statement (EIS) pursuant to Section 102(2)(C) of the National Environmental Policy Act (NEPA) is not required.

Mitigation and Monitoring developed in the EA

- Project sites would be inventoried by GGE for the presence of invasive, nonnative species and treated with BLM certified pesticides following BLM approval of a pesticide use proposal if species are present.
- GGE would develop a hazardous material spill and disposal contingency plan describing the methods for cleanup and abatement of any petroleum hydrocarbon spill, and submit the plan to the authorized officer prior to field operations.
- The roads to be constructed and reclaimed as part of the Project would be reviewed by the BLM and required to conform to the requirements of BLM Manual 9113 and the “Gold Book” (“Oil and Gas Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development”), as applicable to the intended Project use.
- GGE would monitor the hot spring west of the County paved road and the Great Boiling Spring, unless access is denied by the private landowners and GGE provides to BLM documentation from the private landowner that access for monitoring has been denied. Baseline data will be collected one week prior to beginning the drilling operations. Monitoring data would be collected once a week during the drilling phase of the operations and daily during the testing phase of the operations. Baseline and monitoring data would include: photographs, temperature, flow rate, pH, and specific conductivity. All data would be submitted to BLM, Nevada State Office and Winnemucca Field Office. GGE would also conduct visual inspections of the three seeps in order to detect changes in the seeps. Alternatives for monitoring this data may be requested by BLM.
- Seeding of disturbed areas would be completed using the following seed mixture and application rate. Any variance in the mix would be coordinated first with the BLM Winnemucca Field Office.

| Species | PLS LBS./Acre | Bulk LBS./Acre | PLS/sq. ft. |
|--|---------------|----------------|-------------|
| Black greasewood | 3.00 | 5.00 | 12 |
| Inland saltgrass | 3.00 | 4.00 | 33 |
| Alkali sacaton* | 0.50 | 0.75 | 20 |
| Totals | 6.50 | 9.75 | 65 |
| *extremely small seed PLS = Pure Live Seeds | | | |

- "No Through Access" signs would be located on the access road to prevent recreational vehicles from attempting to utilize the access road as a means of entering the playa.
- GGE would be responsible for notifying the three rights-of-way holders that would be affected by the proposed action, and inform them of GGE's proposed activities. GGE would notify the rights-of-way holders in writing a minimum of 14 days prior to beginning activities across the rights-of-way, and would send the BLM Winnemucca Field Office copies of the correspondence. It would be GGE's responsibility to coordinate with the other authorized users to resolve conflicts, and to inform BLM of the ongoing coordination activities.
- Wellhead equipment left on the drill site following the completion of drilling would be painted a color, subject to approval by the authorized officer, that would blend with the landscape. Prior to painting, GGE would contact the Winnemucca Field Office project lead.

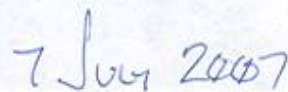
Specific environmental considerations in reaching this FONSI include the following:

- 1) Sensitive resource values would not be adversely impacted from implementation of the proposed action.
- 2) There would be no adverse affect on Threatened or Endangered, or Nevada State Sensitive Species within the project area.
- 3) The project would not adversely affect or cause destruction of significant scientific, cultural, or historical resources.
- 4) The proposed action would not adversely affect public health or safety.
- 5) The project and its potential effects on the human environment are not highly uncertain and do not involve unique or unknown risks.
- 6) The proposed action has not generated any public controversy.

JBR
7/17/06

Signature:


Authorized Officer


Date

Attachments: Conditions of Approval for Geothermal Well 68-3
Environmental Assessment NV-020-06-EA-12
2 Comment Letters